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# State of Utah

## DEPARTMENT OF COMMERCE Committee of Consumer Services

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Brigham City

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## PRESS RELEASE

Monday, 6 December 2004

## UTAH COMMITTEE OF CONSUMER SERVICES RECOMMENDS \$39 MILLION REDUCTION IN PACIFICORP'S UTAH POWER RATES

On 6 December 2004, the Committee of Consumer Services filed its initial response to PacifiCorp's requested 9.6% Utah rate increase of \$111 Million.

Based on its review and audit of the Company's filing, the Committee believes that PacifiCorp's rate request is substantially overstated, and that current rates do not need to be increased. In actuality, the Committee believes that current rates should be reduced by 3.4% or \$39 Million.

At PacifiCorp's request, for the first time in about twenty years the Public Service Commission of Utah is relying on a projected (future) test year as the basis for setting new general rates.

The Committee's direct testimony shows that many of PacifiCorp's revenue, expense and capital projections are either unreasonable or unsupported.

"This shows once again why Utah needs an independent advocate for small utility consumers," said Committee Chairman Dee Jay Hammon, "and why the Committee of Consumer Services must have the resources to do a competent, professional job."

Key dollar differences between the Company and the Committee relate to the following revenue requirement issues:

Return on Common Equity (ROE)	\$27 Million
Net Power Costs	\$25 Million
Tax Issues	\$23 Million
Pensions Expense	\$ 9 Million
Plant Additions	\$ 7 Million
ScottishPower Corporate Overhead	\$ 5.5 Million

CONTINUED OVERLEAF

Discussions are scheduled to commence this week in which all the parties in this case will attempt to settle as many aspects as possible, and clarify which issues will have to be litigated before the Public Service Commission.

Additional revenue requirement and cost of service testimony is to be filed in January and February 2005, with hearings scheduled for the weeks of 14-18 and 22-25 February, 2005.

PacifiCorp will have an opportunity to rebut the Committee's and other parties' direct testimony on 14 January 2005.

Members of the public who wish to testify before the Commission may do so at a Public Witness Hearing on Thursday, 24 February, commencing at 4:30pm.

For more information contact:

Dee Jay Hammon, Chair, at (435) 723-6314 regarding the Committee's policy positions; or

Dan Gimble, Chief of Technical Staff, at 160 East 300 South/P.O. Box 146782, Salt Lake City, UT 84114-6782, telephone 530-6798, regarding the financial and economic details of the case.

The Utah Committee of Consumer Services is a consumer watchdog organization that advocates on behalf of residential and small commercial (including agricultural) customers of the large, monopoly, utility companies providing service in Utah.

It is a State agency, established by Statute twenty-seven years ago (UCA 54-10, 1977) within the Utah Department of Commerce. It conservatively estimates that it has saved consumers more than \$1 Billion over that time.

The six members of the Committee are appointed by the Governor with the consent of the Senate. The Committee has a small professional staff, and retains consultants from across the nation to provide expert testimony.

Its budget is appropriated by the Legislature, using money collected through the utilities from their customers. The annual cost of the Committee to PacifiCorp's Utah Power customers is \$600,000, or about one cent of every \$20 they pay for electricity.